

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 ABF-01 TRSE-00 CIAE-00

INR-07 NSAE-00 OMB-01 COME-00 FRB-03 PA-01 PRS-01

USIA-06 CIEP-01 L-02 CEA-01 XMB-02 /046 W

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FM AMEMBASSY COTONOU
TO SECSTATE WASHDC 7093

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E.O. 11652: N/A

TAGS: EINV, DM

SUBJ: DELAYS IN CURRENCY CONVERSION

REF: STATE 067044

1. DESPITE DAHOMEAN GOVERNMENT'S ADOPTION OF MARXIST LENINISM, ITS WAR ON "CAPITALISM" AND ITS DISSATISFACTION WITH THE MANAGEMENT OF THE WEST AFRICAN MONETARY UNION, IT DOES NOT PRESENTLY PLACE SIGNIFICANT OBSTACLES IN THE WAY OF CONVERSION OF CURRENCIES. BASED ON INFORMAL SURVEY OF LOCAL BUSINESS COMMUNITY, THERE IS CURRENTLY LITTLE PROBLEM IN GETTING FUNDS EITHER CONVERTED OR TRANSFERRED OUT OF THE COUNTRY. THE PROCESS IS EVEN EASIER IF THE FIRM INVOLVED HAS AN EXPORT LICENSE FROM THE MINISTRY OF FINANCE (WHICH WOULD BE STANDARD PROCEDURE FOR ANY FUTURE AMERICAN INVESTOR HERE). FOR FIRMS WITH SUCH A LICENSE, APPROVAL FOR CONVERSION OF FUNDS IS AUTOMATIC, UP TO THE LIMIT SPECIFIED IN THE LICENSE. THE ONLY REAL DELAY, AS ONE BANKER NOTED, IS THE NORMAL BUREAUCRATIC DELAY IN GETTING THE WRITEN APPROVAL REQUIRED FOR EACH LICENSE FROM THE MINISTRY OF FINANCE.

2. GIVEN THE ABOVE, INVESTORS CAN COUNT ON DELAY OF TEN DAYS TO THREE WEEKS IN GETTING FUNDS TRANSFERRED FROM DAHOMEY TO THE US. MOST OF THIS DELAY IS DUE TO NORMAL MAIL COMMUNICATION, AND THIS PERIOD CAN BE CUT SHORTER IF THE INVESTOR USES TELEX

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COMMUNICATION. DELAYS WOULD BE TWO TO THREE WEEKS FOR NON-

RESIDENT PRIVATE INDIVIDUALS MAKING A ONE-SHOT TRANSFER OF FUNDS.

3. SITUATION DESCRIBED ABOVE MIGHT CHANGE RADICALLY IN COMING
MONTHS IF DAHOMEAN GOVERNMENT FINALLY GETS AROUND TO ACTING UPON
ITS DECISION TO TAKE SHARES IN REMAINING PRIVATE BANKS FIRST
ANNOUNCED LAST DECEMBER. WE WILL REPORT IMPACT ON CURRENCY CON-

VERSION OF ANY FUTURE DEVELOPMENTS.

ENGLE

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